

Require notice of compliance from associations offering health plans – SB 134
Sponsored by Senator Dave Lewis at the request of the State Auditor's Office

BUSINESS & LABOR

EXHIBIT NO. 6
DATE 1/15/09
BILL NO. SB 134

What does this bill do?

This bill would require insurers that issue health insurance coverage through an association to submit information to the State Auditor's Office (SAO) certifying that those associations are in compliance with Montana law.

This bill does the following:

- It adds a section that states that an insurer may not offer health insurance to Montanans through an association unless that association satisfies the requirements of 33-22-501, and if applicable, the provisions pertaining to bona fide associations found in small employer group law.
- The association will also have to certify that the information provided is true and correct, so that the insurer is not solely responsible for the accuracy of that information.
- This process will only have to be done once. A copy of the certificate is also issued to the association. No renewals are required--there is a requirement that information must be updated, if there are changes.
- This section only applies to health insurance, not to long term care or disability income insurers.

Why do we need this legislation?

This bill does not add substantive legal requirements, but it will assist the SAO in collecting this information so that it can more effectively educate consumers who are considering purchasing an insurance product through an association. This certification will assist SAO in developing a database of legitimate associations, so it can provide that information to consumers who call.

Currently, the SAO spends a great deal of time investigating and prosecuting health insurance and discount card scams, many of which are promoted by illegal associations. This bill will not cure that problem, but it will provide an additional valuable tool to address it.